



JEFFREY M. NELSON
Chief Legal Officer

Office of Regulatory Staff
1401 Main Street
Suite 900
Columbia, SC 29201
(803) 737-0800
ORS.SC.GOV

June 11, 2019

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Request of the Office of Regulatory Staff regarding Universal Service Fund and
Lifeline Program Administrative Expenses
Docket No. 1997-239-C

Dear Ms. Boyd:

Over the last 3 years, the South Carolina Universal Service Fund ("SCUSF" or "Fund") has experienced a series of significant changes and improvements. Among these changes are the addition of wireless carriers and VoIP service providers as contributors to the USF, the addition of prepaid wireless telecommunications sales outlets as contributors to the USF (through point-of-sale transactions fees), and the inclusion of the South Carolina Department of Revenue ("DOR") as a collection agent for these newly designated contributors to the fund.

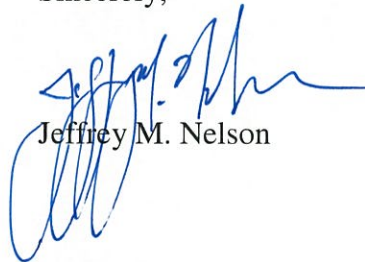
The South Carolina Office of Regulatory Staff ("ORS"), as administrator of the SCUSF, has also experienced significant changes and added responsibilities in administering the Fund. While the dispersal of funds to South Carolina's existing 24 ILEC USF recipients remains largely unchanged, the responsibilities of ORS, including forecasting, collection and administrative activities to manage the Fund have increased significantly. In 2016 ORS collected USF contributions from approximately 200 telecommunications carriers, handling roughly 2400 payments annually. In 2018 ORS and DOR handled, processed, and verified approximately 20,000 payments. For ORS, the process of forecasting contribution requirements for each prepaid transaction and each telecommunication, wireless, and VoIP contributor has become increasingly challenging; the process is significantly more complex than in prior years. Additionally, the

number of contacts with contributing wireless and VoIP companies, and the coordination and data analysis with DOR, have added to ORS' workload in administering the USF.

In Order No. 2006-609, dated October 30, 2006, the Public Service Commission of South Carolina ("Commission") approved the recommendations of the ORS related to the inclusion of administrative expenses in the Universal Service Fund. In Order No. 2005-296, dated June 6, 2005, the Commission authorized the ORS to utilize USF monies to increase the awareness and qualify households for participation in the State's Lifeline program. Both USF administration and Lifeline administration are funded by the South Carolina USF. The USF and Lifeline administrative expenses were initially established at \$106,198 and \$213,543 respectively and remain the same today. To accommodate the increased workload related to administration of the USF and the decreased spending associated with the state Lifeline program, the ORS requests the Commission combine the USF and Lifeline administrative expenses into one general USF administrative expense account in the amount of \$319,741 (\$106,198 + \$213,543) to be used solely for activities related to the administration and management of both the USF and the Lifeline Program.

ORS requests Commission approval of this administrative change in Fund expense control authority as it will allow continued effective management of the USF and the Lifeline Programs.

Sincerely,



Jeffrey M. Nelson

cc: Joseph Melchers, Esquire (via electronic mail)
Margaret Fox, Esquire (via electronic mail)